

David A. Foraker, OSB #812280
Greene & Markley, P.C.
1515 SW Fifth Avenue, Suite 600
Portland, OR 97201
Telephone: (503) 295-2668
Facsimile: (503) 224-8434
E-mail: david.foraker@greenemarkley.com

Attorneys for Debtor

UNITED STATES BANKRUPTCY COURT
DISTRICT OF OREGON

In re)
Olsen Agricultural Enterprises LLC,) Case No. 11-62723
an Oregon limited liability company,) Chapter 11
Debtor.) DEBTOR'S MOTION FOR
AUTHORIZATION TO (1) PAY
PREPETITION PRIORITY CLAIMS FOR
WAGES AND SALARIES AND
RELATED PAYROLL TAXES, (2) PAY
PREPETITION PRIORITY EMPLOYEE
BENEFIT PLAN CONTRIBUTIONS,
AND (3) CONTINUE EMPLOYEE
BENEFITS POSTPETITION
EXPEDITED HEARING REQUESTED

Olsen Agricultural Enterprises LLC (the "Debtor"), as debtor in possession, hereby
moves this Court for entry of an order authorizing it to pay prepetition priority claims for wages
and salaries and related payroll taxes, pay prepetition priority employee benefit plan
contributions, and continue employee benefits postpetition. In support of this motion, the Debtor
represents:

Page 1 of 6 - DEBTOR'S MOTION FOR AUTHORIZATION TO (1) PAY PREPETITION PRIORITY CLAIMS
FOR WAGES AND SALARIES AND RELATED PAYROLL TAXES, (2) PAY PREPETITION
PRIORITY EMPLOYEE BENEFIT PLAN CONTRIBUTIONS, AND (3) CONTINUE EMPLOYEE
BENEFITS POSTPETITION

\\G:\Clients\7095\P Debtor Motion Claims Wages Salaries.wpd

GREENE & MARKLEY, P.C.
1515 S.W. Fifth Avenue, Suite 600
Portland, OR 97201
Telephone: (503) 295-2668
Facsimile: (503) 224-8434

Background

1. On June 1, 2011 (the "Petition Date"), the Debtor filed herein a voluntary petition under Chapter 11 of the Bankruptcy Code. The Debtor is continuing in the management and possession of its business and properties as debtor in possession under sections 1107 and 1108 of the Bankruptcy Code. As of the date hereof, no trustee or examiner has been requested or appointed in this case, and the United States trustee has not appointed an official committee of creditors.

2. The Debtor operates an agricultural enterprise on approximately 7,762 acres of owned and leased land located in Benton, Linn and Polk Counties. Its business is comprised principally of three divisions: (a) Olsen Seed Company, which produces and sells a variety of grass seed and grains on approximately 5,934 acres; (b) Olsen Agriculture, which grows and sells peppermint, nursery stock, squash, hazelnuts and blueberries on approximately 1,334 acres; and (c) Olsen Family Vineyards, which grows a variety of grapes on approximately 494 acres and produces and sells quality wines under the "Viridian" label as well as private labels. As of the date hereof, the Debtor has 45 employees, including management personnel.

3. The Debtor is the surviving entity of a merger transaction that was consummated on June 1, 2011. In the merger transaction, Olsen Agricultural Company, Inc., an Oregon corporation ("OAC"), Jenks-Olsen Land Co., an Oregon general partnership ("JOLC"), Olsen Vineyard Company, LLC, an Oregon limited liability company ("OVC"), and The Olsen Farms Family Limited Partnership ("OFFLP") were merged with and into the Debtor. OAC, JOLC, OVC and OFFLP were co-borrowers under the term loan made by AXA Equitable Life Insurance Company, and OAC, JOLC and OVC were co-borrowers under the line of credit loans made by Rabo Agrifinance, Inc. In connection with the merger transaction, other related parties that pledged real estate collateral to support the line of credit loans agreed to contribute such property to the Debtor in exchange for the right to receive ownership interests in the Debtor.

4. For the fiscal year ended December 31, 2010, OAC reported total revenues of \$6,428,880 and a net loss of (\$5,791,310). At the time of the merger, on a consolidated basis, the books and records of OAC, JOLC and OVC reflected assets totaling approximately \$29.8 million and liabilities totaling approximately \$37.2 million. The fair market value of the Debtor's assets is significantly greater than their book values, particularly in the case of fixed assets. The fair market value of the Debtor's assets, on a going concern basis, is approximately \$50 million.

5. In the ordinary course of its business, the Debtor pays its employees bi-weekly, in arrears, on every other Friday. The next regular payroll date is June 3, 2011, for services performed but unpaid through June 2, 2011. The last regularly scheduled payroll date was May 20, 2011. On May 27, 2011, in anticipation of the commencement of this case, the Debtor made a special payroll for the estimated amounts of salaries and wages that had accrued during the period May 21, 2011 through May 31, 2011. In connection with that special payroll, the Debtor also paid all withholding and payroll taxes related to the salaries and wages that were paid. As a result of that special payroll, the only amounts that remain owing and unpaid to employees for prepetition services -- absent error in the estimation procedure and assuming that all payroll checks and electronic funds transfers have cleared or been completed -- are those for accrued vacation, sick leave and other "paid time off." Attached hereto as Exhibit A is a schedule that lists, for each employee, the employee's name, the total amount of earned but unused paid time off benefits, and the amount that the Debtor has determined is entitled to priority under section 507(a)(4) of the Bankruptcy Code.

6. The Debtor has no employee benefit plan or program under which it is obligated to pay contributions for benefits other than its workers' compensation insurance policies. The Debtor estimates that the total amount of accrued but unpaid prepetition obligations under its

workers' compensation insurance policies does not exceed \$5,000. Those insurance obligations will not become payable in the ordinary course of business until a later date.

Jurisdiction

7. This Court has jurisdiction over this matter pursuant to 28 USC §§ 157 and 1334 and LR 2100.1. Consideration of this motion constitutes a core proceeding within the meaning of 28 USC § 157(b)(2)(A). The statutory predicates for the relief sought by this motion are sections 105, 363 and 1108 of the Bankruptcy Code. Venue is proper under 28 USC § 1408.

Relief Requested

8. By this motion, the Debtor seeks entry of an order (i) authorizing it to (A) pay, in the ordinary course of business, all prepetition claims for wages and salaries, including earned but unused paid time off benefits, in each case, to the extent such claims are entitled to priority under section 507(a)(4) of the Bankruptcy Code and in an amount not to exceed \$11,725 per employee, (B) pay any and all local, state and federal withholding and payroll taxes relating to such employee claims (including but not limited to withholding taxes, social security taxes, Medicare taxes and unemployment taxes), (C) make payments to third parties on behalf of employees for alimony, garnishments, support payments, dependent care and other programs on account of which the Debtor deducts sums of money from employees' paychecks, (D) make payments for accrued but unpaid prepetition obligations under its workers' compensation insurance policies, in each case, in an amount not to exceed, in the aggregate, the amount entitled to priority under section 507(a)(5) of the Bankruptcy Code, and (E) continue existing employee benefits postpetition, and (ii) directing all banks to receive, process, honor and pay all checks and electronic funds transfers for payment of the prepetition claims and benefits described above, whether such checks or funds transfer requests were or are issued or presented prior to or after the Petition Date. The Debtor further requests that the Court hold an expedited hearing on this motion and find that the relief sought by this motion is necessary to avoid immediate and

1 irreparable harm to the estate, that the order on this motion be entered as soon as is reasonably
 2 practical, notwithstanding the 21-day period otherwise provided in Bankruptcy Rule 6003(b),
 3 and that the order on this motion become effective immediately upon its entry, notwithstanding
 4 the 14-day stay otherwise provided in Bankruptcy Rule 6004(h).

5 Points and Authorities

6 9. The Debtor, in the good faith exercise of management's business judgment, has
 7 determined that in order to protect the value of its business as a going concern, it must honor its
 8 prepetition obligations to its employees in the ordinary course of business. A failure to pay its
 9 accrued wages, salaries, benefits and other related obligations, or even a delay in such payment,
 10 may cause employees to suffer extreme personal hardship and, in many cases, make them unable
 11 to meet their personal living expenses. The likely consequence of an interruption in pay to
 12 employees would be employee defections, unmanageable turnover, resentment, loss of goodwill
 13 and disintegration of employee morale.

14 10. Granting the requested relief will enable the Debtor to maintain its current
 15 operations without interruption and, at the same time, maintain worker morale. The Debtor's
 16 employees are vital to its efforts to reorganize and they provide essential services without which
 17 the Debtor would be unable to function. Without the requested relief, the Debtor's ability to
 18 reorganize could be significantly impaired. For these reasons, it is in the best interest of the
 19 estate that the relief requested in this motion be granted.

20 11. Time is of the essence with respect to the Debtor's need for the relief requested in
 21 this motion. For the reasons indicated above, the requested relief is necessary to avoid
 22 immediate and irreparable harm to the estate. Accordingly, the Court should grant the requested
 23 relief on an expedited basis pursuant to an order that will become effective immediately upon its
 24 entry, notwithstanding the 21-day period otherwise provided in Bankruptcy Rule 6003(b) or the
 25 14-day stay otherwise provided in Bankruptcy Rule 6004(h).

13. Notice of this motion has been given to, among other parties, the United States trustee and the creditors holding the 20 largest unsecured claims. Further notice is impractical in the circumstances. The Debtor submits that the foregoing constitutes good and sufficient notice and that no other or further notice need be given in the circumstances.

13 Dated: June 1, 2011.

By /s/ David A. Foraker
David A. Foraker, OSB #812280
Attorneys for Debtor

Exhibit A – Schedule of Prepetition Employee Claims

<u>Employee Name</u>	<u>Earned but Unused Paid Time Off Benefits</u>	<u>Amount Entitled to Priority</u>
Abel L. Celis	\$ 601	\$ 601
Amado Rodriguez Perez	549	549
Antonio Andrade	709	709
Argeo V. Lopez	416	416
Benjamin C. Boyer	1,730	923
Carl T. Brandhorst	1,549	896
Carmelo Paramo Escalante	----	----
Carson T. Smith	173	173
Cecilia Reyes Bedolla	----	----
Christopher R. Luby	433	288
David W. Heath	471	471
Dennis L. Underwood	1,662	692
Donald F. Austin, Jr.	420	420
Dorothy J. Shertzer	207	207
Edgardo Paramo	----	----
Erik M. Diaz	153	153
Getulio Rangel Sosa	31	31
Gilberto Aguirre	----	----
H. Dean Underwood	2,769	1,154
Ingnacio C. Gallegos	256	256
Jacobo Silva Guzman	1,033	620
Jaime A. Becerra	----	----
James E. Olsen	----	----
Jeffrey L. Swanson	2,334	1,346
Jesus N. Alvarez	310	310
Joel M. Servin	373	373
Jose L. Medina Hernandez	788	704
Jose M. Aguirre Del Pilar	413	413
Juan J. Medina Hernandez	505	505
Julio Morales Fierro	----	----
Lino Medina Hernandez	1,157	784
Mark L. Merriman	2,192	1,731
Noe Paramo	----	----
Oscar N. Alvarez	320	320
Philip L. Hanson	3,173	1,731
Raul Aguirre Del Pilar	1,653	992
Raymond A. Ammon	----	----
Rigoberto Valdez	373	373

Robin G. Olsen	-----	-----
Ryan J. Clark	6,231	2,396
Steven L. Robinson	-----	-----
Taniesha D. Silva	611	560
Terry E. Gorrell	1,436	1,346
Valente E. Guzman	261	261
Willard T. Ross	<u>1,728</u>	<u>1,134</u>
Total:	\$ <u>37,238</u>	\$ <u>23,943</u>

CERTIFICATE OF SERVICE

I hereby certify that the foregoing DEBTOR'S MOTION FOR AUTHORIZATION TO (1) PAY PREPETITION PRIORITY CLAIMS FOR WAGES AND SALARIES AND RELATED PAYROLL TAXES, (2) PAY PREPETITION PRIORITY EMPLOYEE BENEFIT PLAN CONTRIBUTIONS, AND (3) CONTINUE EMPLOYEE BENEFITS POSTPETITION, was served by electronic notice through the bankruptcy court's ECF system on the U.S. Trustee (Eugene):

USTPRegion18.eg.ecf@usdoj.gov

and on all parties listed on the attached List of Interested Parties by the methods indicated. Unless another method of service is indicated, service was made by placing a copy thereof in a sealed, first-class, postage prepaid envelope, addressed to each party's last known address and depositing the same into the United States mail at Portland, Oregon on the date set forth below.

Dated: June 1, 2011.

/s/ David A Foraker
David A. Foraker, OSB #812280
Attorney for Debtor

\\7095\P COS Mtn to Pay Prepetition Wages & Payroll Taxes.wpd

List of Interested Parties

(Olsen Agricultural Enterprises LLC)

Secured Creditors (Special List):

Rabo Agrifinance, Inc. (Via First Class Mail)
c/o CT Corporation System
Registered Agent
388 State St., Ste. 420
Salem, OR 97301-3581

Tom Schofield (Via First Class Mail and E-mail: tom.schofield@raboag.com)
Special Asset Manager
Rabo Agrifinance, Inc.
POB 668
6919 Chancellor Dr.
Cedar Falls, IA 50613

Dean Gisvold, Esq. (Via First Class Mail and E-mail: deang@mcewengisvold.com)
Barry Groce, Esq. (Via First Class Mail and E-mail: barryg@mcewengisvold.com)
McEwen Gisvold LLP
1100 SW 6th Ave., Ste. 1600
Portland, OR 97204
Attorneys for Rabo Agrifinance, Inc.

BFS International, LLC (Via First Class Mail)
c/o David E. Grein, Esq.
Registered Agent
1030 SW Morrison St.
Portland, OR 97205

Tim Miller (Via First Class Mail and E-mail: tim@beaverfreight.com)
BFS International, LLC
3835 NE Hancock St. Ste. 203
Portland, OR 97212

David E. Grein, Esq. (Via First Class Mail and E-mail: dgrein@pfglaw.com)
Parsons Farnell & Grein
1030 SW Morrison St.
Portland, OR 97205
Attorneys for BFS International, LLC

Internal Revenue Service
PO Box 7346
Philadelphia, PA 19101-7346

(Via First Class Mail)

The Attorney General of the United States
Department of Justice
10th & Constitution NW
Washington, DC 20530

(Via First Class Mail)

US Attorney for the District of Oregon
1000 SW 3rd Ave., #600
Portland, OR 97204

(Via First Class Mail)

Susan Anderson, Specialist
Internal Revenue Service
211 E. 7th Ave., Ste. 301
Eugene, OR 97401

(Via First Class Mail and Facsimile (541) 302-0971)

Ledeboer Seed, LLC
c/o Hannelore Ledeboer
Registered Agent
22068 Case Rd NE
Aurora, OR 97002-9727

(Via First Class Mail)

Hagen Ledeboer
Ledeboer Seed, LLC
22068 Case Rd NE
Aurora, OR 97002-9727

(Via First Class Mail and E-mail: hagen.ledeboer@ledeboerseed.com)

Hunter B. Emerick, Esq.
Saalfeld Griggs PC
PO Box 470
Salem, OR 97308

(Via First Class Mail and E-mail: hemerick@sglaw.com)

Attorneys for Ledeboer Seed, LLC

Callisons, Inc. (dba I.P. Callisons and Sons)
c/o CT Corporation System
Registered Agent
388 State St., Ste. 420
Salem, OR 97301-3581

(Via First Class Mail)

Richard Robinson
I.P. Callisons and Sons
2400 Callison Rd NE
Lacey, WA 98516

(Via First Class Mail)

Charles C. Robinson, Esq.
Garvey Schubert Barer
1191 Second Ave., 18th Floor
Seattle, WA 98101-2939
Attorneys for I.P. Callisons and Sons

(Via First Class Mail and E-mail: crobinson@gsblaw.com)

20 Largest Unsecured Creditors (Via First Class Mail):

Kim Bible
Oregon Vineyard Supply Co.
2700 St. Joseph Rd.
McMinnville, OR 97128

Susan Anderson
Internal Revenue Service
211 E 7th Ave., Ste. 301
Eugene, OR 97204

Howard Pope
ORCO, Inc.
12680 SW Pacific Hwy
Monmouth, OR 97361

David Stork
Jeld-Wen Tradition Foundation
3250 Lakeport Blvd
Klamath Falls, OR 97601

Julie Springer
Davis Wright Tremaine
1300 SW 5th Ave., Ste. 2300
Portland, OR 97201

Justin Fisher
Peter Jacobsen's Legends of Oregon
2727 Leo Harris Pkwy
Eugene, OR 97401

Linda Collins
HSR Architecture LLC
838 NW Bond St., Ste. 2
Bend, OR 97701

Eric Rogers
Eola Hills Wine Cellars
501 S Pacific Hwy
Rickreall, OR 97371

Dennis Combs
Dennis Combs AG Consultants, Inc.
POB 1051
Lake Oswego, OR 97034

Travis Hill
Silver Dome Farms
7091 Springhill Dr.
Albany, OR 97321

John Coleman
255 SW Madison Ave.
Corvallis, OR 97333

Dean Underwood
Underwood Farms
8756 Springhill Dr.
Albany, OR 97321

Employment Department
c/o Carolyn G. Wade, Esq.
Department of Justice
1162 Court St. NE
Salem, OR 97301

Jeffrey O'Banion
NW Natural Gas
222 NW 2nd
Portland, OR 97208

ODR Bkcy
c/o Carolyn G. Wade, Esq.
Department of Justice

1162 Court St. NE
Salem, OR 97301

Collotype Labels
c/o Greg Pfister, Esq
720 SW Washington St., Ste. 750
Portland, OR 97205

Jane Anderson
Credit Collections Services Inc
POB 755
Yankton, SD 57078

Tony Blair
Brenner & Company
POB 907
Salem, OR 97308

Ben C. Fetherston, Jr.
Fetherston Edmonds LLP
POB 2206
Salem, OR 97308

Tom Bracken
Sunridge Nurseries, Inc.
441 Vineland Rd
Bakersfield, CA 93307

Other Parties:

Cliff E. Spencer, Esq. (Via First Class Mail and E-mail: spencerc@lanepowell.com)
Lane Powell P.C.
501 SW 2nd Ave., Ste. 2100
Portland, OR 97204
Attorneys for Oregon Vineyard Supply Co.

\\7095\O List of Interested Parties (Master Service List).wpd